

### Investment Manager's Commentary

2009 started with a bounce which only lasted a few days and then reality took hold as the continuing welter of dismal economic data took its toll on markets across the globe. The banking sector was once again the focus of attention as Bank of America, Deutsche Bank and Citigroup posted dire results for the fourth quarter, Anglo Irish Bank was nationalised and both Barclays and Royal Bank of Scotland suffered a further sell-off. Towards the end of the period, however, the prospect of a US 'bad bank' for toxic assets coupled with Congress's approval of President Obama's stimulus package, had a positive effect on banking stocks.

Currency volatility during the month was massive – against Sterling the US\$ traded from 1.52 to 1.37, the Euro between 1.13 and 1.03 and the Yen between 1.40 and 1.20. The US\$ outperformed the Euro by almost 9% as, on one hand, the European economy looked to be slowing at a rate that made further interest rate cuts inevitable, but probably more importantly it looks as though American corporates are repatriating money held abroad to repay bank loans.

During the month as the Investment Managers have been reducing the Company's Japanese exposure they decided to remove the Yen hedge. In addition they decided to reduce the Euro hedge as the decline in the value of the underlying assets had increased the proportion of the Company's Euro holdings that were hedged back into Sterling.

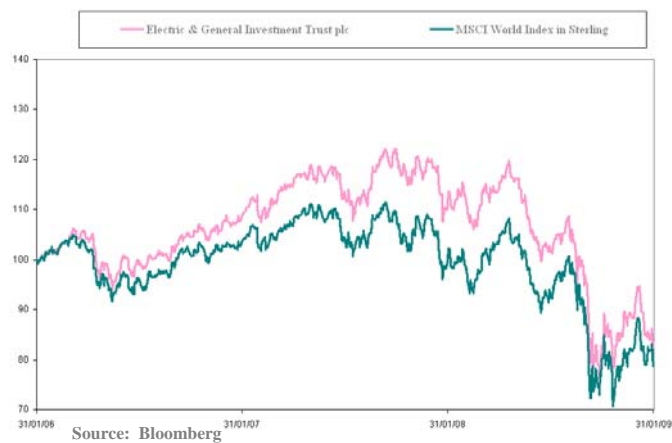
One new purchase was made during the month – BP, which is one of the cheapest oil majors worldwide. Over and above the general state of the oil market, it has been held back by a dispute with its Russian partners over the management of TNK-BP, its Russian joint venture. A compromise has now been reached, including the election of Gerhard Schröder, the former German Chancellor with strong ties to Russia, to the board of the joint venture company. While we are wary about Russia in general, if they can make it work, TNK-BP is sitting on some large reserves with a finding cost of US\$3 a barrel; there is very little in the share price at the moment for this. In the meantime, the shares yield over 8 per cent while we wait for a general upturn in economic activity, which will boost both demand for fuel and petrochemicals and the oil price.

The Investment Managers continue to build up the holdings in Bank of China and Nintendo. A rights issue was taken up in Premiere, the German satellite TV broadcaster, where News Corp is increasingly in control. Further monies will be needed for the company but this is subject to News Corp getting a waiver from the German authorities that they will not have to bid for the entire entity. It looks as though they have now received this and we are waiting for the formal documentation. The positions in Mitsubishi Heavy Industries and Kurita Water continue to be sold and the sales of both Carnival Corp and Sekisui House have been completed.

Source: THS Partners

Top Ten Holdings (as at close 31.01.09)		
1	NESTLE SA CHF1 (REGD)	2.88%
2	NEWCREST MINING A\$0.50	2.83%
3	FRANCE TELECOM EUR4	2.48%
4	ROYAL DUTCH SHELL EURO.07 'B' SHS	2.31%
5	SNC LAVALIN GROUP COM NPV CAD	2.30%
6	VODAFONE GROUP USD0.11428571	2.29%
7	ANF EUR1	1.97%
8	CARREFOUR EUR2.50	1.78%
9	HUTCHISON WHAMPOA HKD0.25	1.78%
10	ELECTRICITE DE FRANCE EURO.5	1.77%

NAV per Share Performance 01.02.06 (rebased to £100) to 31.01.09



	December 2008	December 2007	December 2006	December 2005	December 2004
<b>Ordinary Price</b>	-23.67	4.62	10.78	21.17	25.68
<b>NAV</b>	-22.49	10.95	12.38	24.35	6.84
<b>Morgan Stanley Capital International World Index in Sterling</b>	-19.81	5.69	3.75	19.74	5.05

Note: Price is month-end mid-price. Benchmark is not total return index.  
Source: Bloomberg

Past performance is not a guide to the future. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested.

### Cumulative Performance to 31.01.09 (%)

Capital NAV Per Share (£)	Cum Income NAV Per Share (£)	Ordinary Share Price (£)		1 Month %	YTD %	1 Year %	3 Year %	5 Year %	10 Year %
336.06	339.34	300.50	<b>Ordinary Price</b>	-7.25	-7.25	-24.45	-22.75	24.48	-9.66
			<b>NAV</b>	-10.85	-10.85	-25.40	-17.44	14.26	-11.94
			<b>Morgan Stanley Capital International World Index in Sterling</b>	-9.10	-9.10	-21.12	-21.26	0.65	-18.79

Note: Price is month-end mid-price. Benchmark is not total return index.  
Source: Bloomberg

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# Electric & General Investment Trust plc: As at 31.01.09

## International / Equity Growth



### Company Objective

The Company is a closed-end fund. The aim of the Company is to produce above average capital growth by investing in an international portfolio of companies.

### Charges

Basic Management Fee: 0.4% of net assets per annum.  
 Performance Fee: 10% of the outperformance versus the MSCI World Index in Sterling over the relevant performance period (maximum of 0.6% in a period of increase and 0.2% in a period of decrease of net assets).

### Fund Details

**Total Gross Assets:**  
 £227.0m (As at 31.01.09)

**Dealing:**  
 Daily (Stockmarket)

**NAV Frequency:**  
 Daily

**Legal Status:**  
 UK Investment trust

**Listing:**  
 London Stock Exchange

**Dividends:**  
 March, October

**Investment Manager:**  
 Taube Hodson Stonex Partners LLP

**Stockbroker:**  
 JPMorgan Cazenove Limited

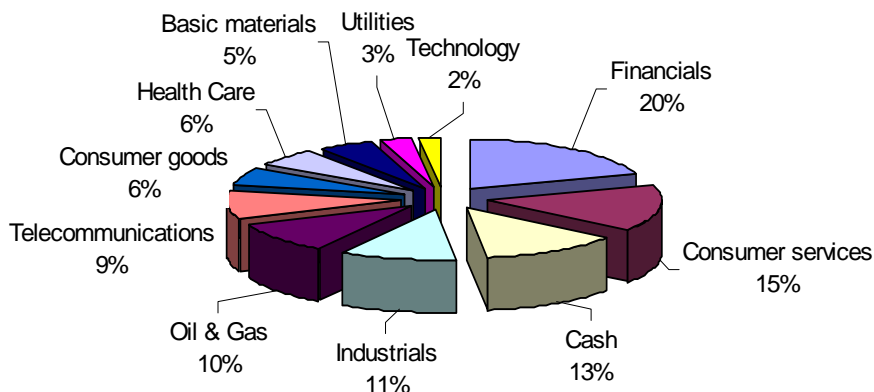
**Administrator:**  
 BNP Paribas Securities Services

**Registrar:**  
 Computershare Investor Services PLC

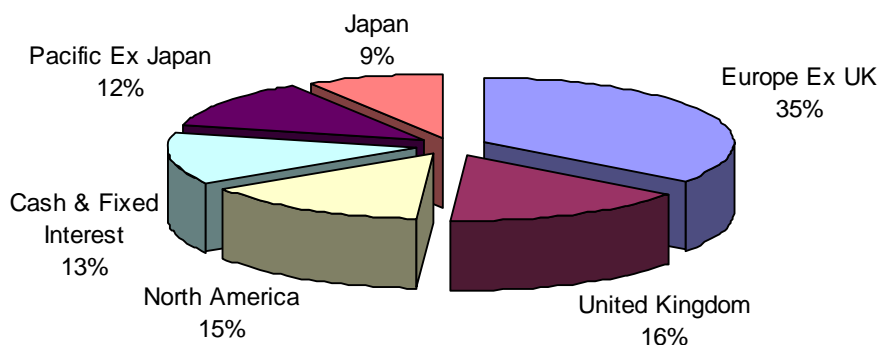
### Wrapped Products

The shares of Electric & General Investment Trust plc ("Electric & General") are offered within the BNP Paribas Electric & General Savings Scheme and ISA. Further details can be obtained from the 'How to Save' section of the Electric & General website on [www.electricandgeneral.com](http://www.electricandgeneral.com) or by calling the Investor Helpline on 0845 358 1113.

### Sector Allocation



### Geographical Allocation



Source: THS

### Important Information

The prices of shares in investment trusts and income received from them can go down as well as up and investors may not get back the full amount invested. Past performance is no guarantee of future performance. Quoted yields are not guaranteed. Changes in the rates of currency exchanges may have an adverse effect on the value or price of the shares. Investments in a currency other than your own currency will be subject to movements in foreign exchange rates. Reference to any specific securities should not be construed as a recommendation to buy or sell these securities but is included for the purposes of illustration only. Investors should also note that the views expressed may no longer be current and may have already been acted upon. Investment trusts can borrow money to make additional investments on top of shareholders' funds (gearing). The use of gearing can lead to volatility in the NAV, meaning that a relatively small movement, down or up, in the value of a company's assets will result in a magnified movement, in the same direction, of that NAV. Share price performance is not the same as NAV performance and investors may not realise returns the same as NAV performance. The Company may invest in emerging markets which tend to be more volatile than more established stock markets and the value of your investment could move sharply up or down. If you have any questions about the suitability of this investment for your portfolio, you should contact an independent financial adviser. Nothing in this factsheet should be construed as advice nor be considered an offer or solicitation to deal in investments. Issued by Taube Hodson Stonex Partners LLP which is authorised and regulated by the Financial Services Authority, (Firm No 480219). Registered office: Cassini House, 1st Floor, 57-59 St. James's Street, London, SW1A 1LD (OC333502).